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REPLY OF THE CUBAN MINISTRY OF FOREIGN  
TRADE TO THE GOVERNMENT OF THE PEOPLE'S  
REPUBLIC OF CHINA - 12 JANUARY 1966

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REPLY OF THE CUBAN MINISTRY OF FOREIGN TRADE TO THE GOVERNMENT  
OF THE PEOPLE'S REPUBLIC OF CHINA - HAVANA 12 January 1966.

On 12 January 1966, the newspaper 'Granma', organ of the Central Committee of the Communist Party of Cuba, published the Cuban Ministry of Foreign Trade's reply to the statements of the Government of the People's Republic of China relating to Prime Minister Fidel Castro's statements concerning trade between the two countries.

The text of the Cuban Ministry of Foreign Trade's reply is as follows:

In its bulletin of 10 January, the Chinese news agency Hsinhua published statements made to a correspondent by "a responsible official of the Ministry of Foreign Trade" of that country in which, referring to the statements on the 1966 trade negotiations between Cuba and China made by our Prime Minister in his speech of 2 January, certain affirmations were made which necessitate our giving a very accurate and clear reply in order that there should be no doubt as to the absolute veracity of what our Prime Minister said.

First. The official of the Chinese Ministry of Foreign Trade said that "the volume of trade for 1966 between China and Cuba is lower than that of 1965. But it is still higher than that of 1962 or 1963 and is roughly the same as that of 1964". The said official added that "Prime Minister Castro said that China's export to Cuba would fall to a level below that of any of the trade years between 1961 and 1965; this is at variance with the facts". According to the General Department of Statistics of 'Juceplan' and the General Department of Statistics of the Ministry of Foreign Trade itself, mutual trade between the two countries has registered the following pattern:

	Volume of Cuban Exports to China	Chinese Exports to Cuba	Total Trade
	(millions of pesos)		
1961	91.6	98.6	190.2
1962	89.0	89.8	178.8
1963	72.7	90.8	163.5
1964	81.4	109.3	190.7
1965	97.3	128.9	226.2
1966	(85.0)	(85.0)	(170.0)

The statistical figures for the years 1961, 1962, 1963 and 1964 were drawn up on the basis of the total goods leaving or entering the country in a year. It must be pointed out that owing to the great geographic distance between the two countries (45 to 60 days by sea), there are always goods in transit and for this reason the statistical data of both countries may not always exactly coincide. That is, goods might be recorded in China as having left the country and not recorded in Cuba as having arrived, and vice versa. But even taking this factor into account, the differences would not cause any essential variation in the levels given.

The 1965 figures, for which the statistics have not as yet been fully drawn up, represent the amount of goods envisaged in the Protocol for that year (including 250,000 tons of rice and

700,000 tons of sugar). And the figures for 1966 represent approximately the amount of goods that may be included in the Protocol in accordance with the limits established by China.

The Prime Minister did not speak of the volume of trade between the two countries, but of "the amount of imports from China", that is, the total amount of goods Cuba has received from that country, which is what counts as far as the needs of our people are concerned.

The figures appearing in the foregoing tables show, however, that as regards the volume of trade, which is the sum total of what a country exports to another country plus what it imports from the same country each year, only that of 1963 would be lower than 1966, and as for Cuba's imports, in 1966 the amount will be lower than that of any year since 1961, which is what our Prime Minister said.

Indeed, under the 1966 Protocol - in accordance with what can be obtained from China given the limits imposed on our sugar imports, the quantity of goods offered to Cuba and the establishment of a balanced trade policy - imports from China will attain 85 million pesos. That is:

13.6 million less than in 1961, when they attained 98.6 million  
 4.8 million less than in 1962, when they attained 89.8 million  
 5.8 million less than in 1963, when they attained 90.8 million  
 24.3 million less than in 1964, when they attained 109.3 million  
 43.9 million less than in 1965, when they attained 128.9 million

Consequently, what Comrade Fidel Castro said in his speech of 2 January - that "the amount of our imports from China will fall to a level lower than any of the trade years between 1961 and 1965" - was absolutely correct. The Revolutionary Government of Cuba is not in the habit of making statements which do not strictly correspond to the facts and would not have the slightest hesitation in rectifying any error it might make.

Secondly. In October 1964, discussions on the 1965 Trade Protocol preliminary to those which were to take place later in Peking were started in Havana.

The Chinese party to the discussions had already agreed to supply us that year with 150,000 tons of rice, which represents a slight increase on the 1964 figures (135,000 tons).

In 1965 Cuba would receive 150,000 tons of rice at a price fluctuating between 145 and 150 per ton, according to the variety of rice, which would be exchanged for a sugar equivalent of 165,000 tons, approximately, at the stipulated price of 6.11 cents per pound.

It was on that occasion that the Prime Minister of the Cuban Revolutionary Government proposed an increase in the amount of trade in rice and sugar - as admitted by the official of the Chinese Ministry of Foreign Trade according to the Hsinhua text - an "annual exchange of 370,000 tons of sugar for 250,000 tons of rice". That is, instead of 150,000, China would supply 250,000 tons of rice and instead of 165,000, Cuba would supply 370,000 tons of sugar. Arithmetically speaking, Cuba would



approximately 205,000 additional tons of sugar in exchange for 100,000 additional tons of rice, and unless arithmetics cannot be depended upon, this means an almost exact ratio of 2 to 1.

What the Prime Minister affirmed is then absolutely true. Cuba's proposal meant an increase in the exchange of sugar for rice on the basis of two tons of sugar for one ton of rice.

Thirdly. Elsewhere in his remarks the Chinese official says that "Prime Minister Castro's idea that China was going to supply Cuba with 250,000 tons of rice yearly on a long-term basis was groundless".

The exact opposite statement could be much more logically made; for the Chinese Government having agreed to the 250,000 tons of rice requested and having given a reply offering a price even more favourable than that proposed by the Cuban side - which seemed a gesture of special consideration for our economic needs - absolutely no one had the slightest reason to imagine that the Chinese Government was contemplating the possibility of drastically, and without the least prior indication, reducing the level of this trade the following year. Otherwise the Chinese reply to the Cuban proposal for an annual increase in trade - which fact the Chinese Foreign Trade official accepts - would have been meaningless. It was this confidence, ingenuous perhaps, but understandable, which led us to believe we could count on similar quantities in subsequent years.

Fourthly. The Chinese statements acknowledge the fact that when the Cuban side suggested using the economic cooperation loan granted in 1960 partially to cover the deficit in trade with China which would occur in 1966, the Chinese side answered that this would have to be raised at government level (Commission for Economic Relations with Foreign Countries). But what is not mentioned is the fact that at the same time the Chinese delegation made it quite clear that, independent of this step, as far as the products and quantities they could supply us with were concerned they were making their highest and final offers.

Furthermore, the Chinese delegation pointed out that because trade would have to be balanced in 1966, they would limit their purchase of Cuban goods to about 85 million and therefore limit the sale of their own goods accordingly.

Given this background, one cannot understand why the Chinese side finds it strange that "up to now Cuba has not contacted our Commission for Economic Relations with Foreign Countries on this matter".

Why negotiate credits if the Chinese offers are their highest? Furthermore, why negotiate credits when we are clearly and definitively told that trade will have to be balanced? It is true that Cuban Foreign Trade Officials are still in China, but once the Chinese side had definitively established the conditions and the volume of trade they were prepared to accept, these officials were confined in their negotiations to the usual procedures of contracting for the goods offered.

Fifthly. There is nothing extraordinary in the Revolutionary Government of Cuba explaining to the people consequences that will follow the sudden reduction of imports from the People's

Republic of China by more than 40 million pesos, as compared with last year. In our present circumstances this constitutes an unexpected blow to our economy and creates a problem with no possible immediate solution in the supply of a traditional staple in the diet of the population, and its distribution will have to be reduced to three pounds a month per person as from January this year.

It is truly regrettable that the events which compelled the Revolutionary Government to give this public explanation should have taken place not only on the eve of the First Solidarity Conference of the Peoples of Asia, Africa and Latin America, but also at a time when Yankee imperialism has tightened the economic blockade of Cuba, when sugar prices on the world market have reached the lowest levels of the past twenty years and when the country has suffered the worst drought since 1900.

CUBAN MINISTRY OF FOREIGN TRADE